

Message Text

LIMITED OFFICIAL USE

PAGE 01 MEXICO 12924 01 OF 06 090014Z
ACTION ARA-14

INFO OCT-01 ISO-00 SNM-05 SSO-00 SS-15 INR-10 INRE-00
L-03 OES-09 PM-05 EB-08 /070 W
-----005938 090214Z /62
O 082301Z AUG 78
FM AMEMBASSY MEXICO
TO SECSTATE WASHDC IMMEDIATE 1935

LIMITED OFFICIAL USE SECTION 01 OF 06 MEXICO 12924

STADIS////////////////////////////////

EO 11652: N/A
TAGS: SNAR, MX
SUBJECT: NARCOTICS - AID AUDIT REPORT ON MEXICO

REF: ALEXANDER-MCLAUGHLIN TELCON 4 AUG

1. REFTELCON ASKED IF EMBASSY HAD SUBMITTED COMMENTS ON AID AUDIT OF NARCOTICS PROGRAM IN MEXICO. EMBASSY HAS SEEN ONLY INITIAL DRAFT ON WHICH AUDITOR INVITED COMMENTS BUT DID NOT INDICATE THAT COMMENTS WERE MANDATORY. IN VIEW OF STAFF SHORTAGES (ONE FULL-TIME MANAGER FOR ALL PROGRAM ACTIVITIES IN MEXICO), EMBASSY ELECTED TO CONCENTRATE ON KEEPING PROGRAM MOVING RATHER THAN DEVOTE TIME TO AUDIT REPORT. ADDITIONALLY, EMBASSY ARRANGED A PREDEPARTURE BRIEFING ON 6 APRIL FOR AG (ATTORNEY GENERAL) EXECUTIVE OFFICER BAEZA AND HIS SENIOR STAFF PROVIDED BY AID AUDITOR DESIGNED TO FOCUS ON DEFICIENCIES NOTED AND HIS RECOMMENDATIONS FOR RESOLUTION. EMBASSY AGREES WITH JUDGMENT EXPRESSED BY BAEZA THAT AID AUDIT WAS EXCELLENT MANAGEMENT TOOL TO SHIFT ATTENTION TO AN INORDINATE NUMBER OF OPERATIONAL AND ADMINISTRATIVE DETAILS WHICH WERE NOT GIVEN ADEQUATE ATTENTION IN THEIR EFFORTS TO MOUNT AN
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MEXICO 12924 01 OF 06 090014Z

EFFECTIVE CAMPAIGN DURING THEIR FIRST YEAR IN OFFICE. FOLLOWING COMMENTS OFFERED AS REQUESTED REFTELCON, SUBJECT TO EMBASSY RECEIPT AND REVIEW OF FINAL AUDIT REPORT.

2. GENERAL: IT MUST BE REMEMBERED THAT AUDITOR BEGAN HIS WORK IN SEPTEMBER 1977, ALMOST ONE YEAR AGO, AND DEVOTED SEVEN MONTHS TO HIS TASK. GOM GAVE HIM FULL

ACCESS TO ITS PERSONNEL AND RECORDS, AND HE REGULARLY REPORTED PROBLEMS AS HE DISCOVERED THEM. GOM AND EMBASSY TOOK ACTION AS PROBLEMS CAME TO LIGHT WITH RESULT THAT MANY PROBLEM AREAS IDENTIFIED BY AUDITOR IN HIS REPORT WERE IN FACT RESOLVED PRIOR TO HIS DEPARTURE.

3. "NAU'S LOAS DO NOT SHOW THE WORK TO BE DONE, BY WHOM, THE TIME FRAME AND DO NOT PROVIDE FOR EVALUATION ON PROJECT PROGRESS TOWARD PLANNED OBJECTIVES". COMMENT: UNLIKE DEVELOPMENT ASSISTANCE PROJECTS, THE NARCOTICS PROGRAM HERE IS DEVOTED TO SOLVING AN IMMEDIATE, PRESSING U.S. PROBLEM. DETAILED PROJECT AGREEMENTS HAVE THEIR ROLE, BUT IT IS QUITE LIKELY THAT, HAD WE INSISTED ON TRADITIONAL AID-FORMAT AGREEMENTS, THE PROJECT HERE WOULD NEVER HAVE GOTTEN OFF THE GROUND. DURING THE AID AUDIT TIMEFRAME, THE AMBASSADOR AND EMBASSY OFFICERS HAVE WORKED WITH TWO GOM ADMINISTRATIONS. BOTH PRESENT AND PAST AG OFFICE EXECUTIVE OFFICERS (BAEZA AND GERTZ) VOICED THEIR CONCERN INDIVIDUALLY ON PROBLEMS ENCOUNTERED IN DEALING WITH THE MINISTRY OF FOREIGN AFFAIRS TO OBTAIN APPROVAL OF LOAS NOTWITHSTANDING THE GENERAL TONE OF THE AGREEMENTS. THE IMPORTANT FACTOR TO RECALL IS THAT THE GOM WENT, IN THE SPACE OF LESS THAN THREE YEARS, FROM ANTIQUATED, MANUAL DESTRUCTION OF POPPY CROPS TO A FULLY-FUNCTIONING MOUNTAIN SPRAYING CAPABILITY THAT IS UNEQUALED EVEN IN THE UNITED STATES. THE RESULT HAS BEEN A DRASTIC LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MEXICO 12924 01 OF 06 090014Z

DECLINE IN HEROIN AVAILABILITY IN THE UNITED STATES, WITH U.S. HEROIN DEATHS DROPPING 64 PERCENT FROM 1976 TO 1977. THE LACK OF A "PROJECT AGREEMENT" DOES NOT SEEM TO HAVE LESSENED THE IMPACT OF THE PROGRAM.

4. "AIRCRAFT REQUIREMENTS PROGRAMMED FOR CY 1978 SHOULD BE EVALUATED TO DETERMINE IF THEY ARE NEEDED". COMMENT: DONE. SEE MEXICO 10235.

5. "NAU IS NOT BEING INFORMED BEFOREHAND ABOUT AG PERSONNEL WHO ARE BEING CONSIDERED FOR THE SUPPLEMENTARY SALARY FUND OR THE AMOUNT TO BE PAID". COMMENT: DURING THE PREVIOUS GOM ADMINISTRATION, EXECUTIVE OFFICER GERTZ WAS PRONE TO MAKE SOME PERSONNEL DECISIONS IN THIS RESPECT UNILATERALLY. UNDER THIS ADMINISTRATION, EMBASSY OFFICERS MAINTAIN A DAILY CONTACT WITH EXECUTIVE OFFICER BAEZA ON OPERATIONAL AND ADMINISTRATIVE MATTERS. THE ONLY INSTANCE WHEREBY A DISCREPANCY WAS NOTED SINCE DECEMBER 1976, WAS WHEN EMBASSY FINANCE TECHNICIANS DISALLOWED SALARY SUPPLEMENTS TO MEXICAN AIR FORCE PERSONNEL WHO WERE INADVERTENTLY ADDED TO THE SUPPORTIVE PAYROLL SHEET SUBMITTED TO EMBASSY PERIODICALLY. WHEN CALLED TO BAEZA'S ATTENTION BY

EMBASSY OFFICER, HE SEVERELY REPRIMANDED THE CONTROLLER FOR HIS DISREGARD FOR THE POLITICAL IMPLICATIONS OF THIS OVERSIGHT AND FAILURE TO CLEAR WITH HIM.

6. "ELECTRIC, WATER AND AIR CONNECTIONS HAVE NOT BEEN MADE AT CULIACAN LANDING PAD AND SEWERAGE IMPROVEMENTS NEED TO BE MADE TO PREVENT SEWERAGE WATER FROM BACKING INTO THE HANGAR". COMMENT: THE HANGAR, IN SERVICE LESS THAN A YEAR WHEN SEEN BY THE AUDITOR, WAS SUFFERING THE GROWING PAINS COMMON TO ALL NEW CONSTRUCTION WHETHER IN THE UNITED STATES OR IN MEXICO. AUDITOR FAILED TO MENTION THAT AT THE TIME OF HIS INSPECTION IT WAS,

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 MEXICO 12924 02 OF 06 090023Z
ACTION ARA-14

INFO OCT-01 ISO-00 SNM-05 SSO-00 SS-15 INR-10 INRE-00

L-03 OES-09 PM-05 EB-08 /070 W

-----006011 090214Z /62

O 082301Z AUG 78

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC IMMEDIATE 1936

LIMITED OFFICIAL USE SECTION 02 OF 06 MEXICO 12924

STADIS//////////

DESPITE PROBLEMS CITED, A FULLY-FUNCTIONING AVIATION FACILITY PROVIDING MAJOR MAINTENANCE TO TURBINE-POWERED AIRCRAFT. WE ARE AT A LOSS TO UNDERSTAND AUDITOR'S COMMENTS ABOUT "INADEQUATE WIRE GAUGE" SINCE WIRE USED FOR 110-VOLT SERVICE IS HEAVIER THAN WIRE USED FOR COMPARABLE 220-VOLT SERVICE.

7. "INSURANCE PROCEEDS ARE NOT BEING USED TO REPLACE AID-FINANCED CRASHED AIRCRAFT. THE PROCEEDS ARE DEPOSITED IN THE MEXICAN TREASURY". COMMENT: THERE IS NO RPT NO STIPULATION IN ANY OF OUR AGREEMENTS, NOR DO WE BELIEVE THERE SHOULD BE, REQUIRING GOM TO INSURE AIRCRAFT PROVIDED BY USG. TO THE EXTENT THAT IT MAY PURCHASE INSURANCE WITH ITS OWN FUNDS IT IS, OF COURSE, ENTITLED TO USE THE PROCEEDS AS IT SEES FIT. SINCE MAJORITY OF AG AERO SERVICES FLEET IS INVOLVED IN ROTARY WING (RW) LOW-LEVEL SPRAYING AND SUPPORT IN

MOUNTAINOUS AREAS WHICH IS CONSTRUED TO BE HIGHEST RISK SECOND ONLY TO COMBAT FLYING, MEXICAN INSURANCE COMPANIES REFUSE TO INSURE RW SPRAY SHIPS. THE ANNUAL PREMIUM TO INSURE A MODEL 212 HELICOPTER IS EXHORBITANT (US\$ 100,000) AND THEREFORE PROHIBITIVE. THE AG OFFICE PROVIDED THE EMBASSY A LIST OF SHIPS CURRENTLY INSURED LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MEXICO 12924 02 OF 06 090023Z

WHICH INDICATES MOST INSURED SHIPS ARE FIXED-WING (FW). HOWEVER, BAEZA AFFIRMS THAT ALL FUNDS RECEIVED AS RESULT OF CRASH-DAMAGE CLAIMS ARE APPLIED TO THE NARCOTICS PROGRAM UNDER A SPECIFIC ORDER FROM THE AG HIMSELF. WE WOULD COUNSEL AGAINST INSURANCE BECAUSE THE COST OF PREMIUMS IN ANY YEAR WOULD ALMOST CERTAINLY EXCEED ANY PAYMENTS GRANTED CURRENT SAFETY RATE. CONVERSLY, WE HAVE PERSISTED IN OUR PRESSURE TO HAVE AG OFFICE INCREASE HOSPITALIZATION AND LIFE COVERAGE FOR ALL PILOTS AND CREWS.

8. "IT IS QUESTIONABLE IF MEXICAN AIR FORCE AIRCRAFT WERE EFFECTIVELY USED IN THE ERADICATION CAMPAIGN. ALSO, ONE MEXICAN AIR FORCE HELICOPTER, NOW BEING REPAIRED IN THE U.S., WAS DAMAGED PRIOR TO SIGNING OF THE LOA PROVIDING FOR REFURBISHING OF FIVE HELICOPTERS". COMMENT: AUDIT REPORT APPEARS TO BE BASED SOLELY ON CONVERSATIONS WITH NAU TECHNICIANS WHO WERE IN NO POSITION TO KNOW THE UTILIZATION OF THE MILITARY AIRCRAFT. THERE IS NO EVIDENCE IN THE REPORT THAT THE AUDITOR SOUGHT INFORMATION FROM RELIABLE SOURCES IN THE ATTORNEY GENERAL'S OFFICE WHO COULD HAVE OBTAINED THE INFORMATION NEEDED TO MAKE A JUDGMENT. IN THESE CIRCUMSTANCES, THE OBVERSE OF THE AUDITOR'S STATEMENT IS EQUALLY TRUE AND THERE IS NO EVIDENCE THAT THE AIR FORCE AIRCRAFT WERE NOT EFFECTIVELY USED. IT IS TRUE THAT ONE AIR FORCE HELICOPTER WAS OVERHAULED AND CRASHED BEFORE THE ACTUAL DATE OF THE AGREEMENT. HOWEVER, NEGOTIATIONS ON THIS AGREEMENT WERE FINALIZED MUCH EARLIER AND THE GOM, ACTING ON GOOD FAITH ASSURANCES THAT AGREEMENT WOULD EVENTUALLY BE SIGNED, ARRANGED FOR OVERHAUL BEFORE ACTUAL SIGNATURE IN ORDER TO HAVE AIRCRAFT AVAILABLE WHEN NEEDED. GOM KNEW THAT, HAD AGREEMENT NOT BEEN SIGNED, IT WOULD HAVE TO ABSORB COST. LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MEXICO 12924 02 OF 06 090023Z

9. "SPARE PARTS PURCHASED WITH AID FUNDS ARE BEING USED TO REPAIR MEXICAN SEIZED AIRCRAFT". COMMENT: OUR MAIN-

TENANCE AGREEMENTS WITH GOM PROVIDE FOR SERVICES TO AIRCRAFT "IN THE ATTORNEY GENERAL'S INVENTORY". BOTH THE BELL HELICOPTER TEXTRON (BHT) AND E-SYSTEMS MAINTENANCE CONTRACTS PRECLUDE MAINTAINING THE SEIZED AIRCRAFT WHICH ARE NOT OFFICIALLY IN THE AG AERO SERVICES INVENTORY. WE CANNOT DENY THERE HAVE BEEN CASES WHEREBY TACTICAL EXIGENCIES IN THE FIELD OVERRODE THE CONSTRAINT IN ORDER TO MEET OPERATIONAL REQUIREMENTS. CONSTANT REMINDERS ARE EXCHANGED WITH BOTH MANAGEMENT AND SUPERVISORY PERSONNEL THAT GOM MUST PROVIDE SPARES FOR THESE AIRCRAFT FROM THEIR OWN FUNDS.

10. "AERO SERVICES PROCEDURES DO NOT PROVIDE FOR PROMPTLY RECOVERING CRASHED AIRCRAFT. A HELICOPTER THAT CRASHED AT CHILPINCINGO ON NOVEMBER 1, 1977, WAS FINALLY RECOVERED ON JANUARY 20, 1978. AIRCRAFT INSTRUMENTS VALUED AT \$66,000 HAD BEEN PILFERED FROM THE HELICOPTER". COMMENT: THIS WAS A GENUINE PROBLEM TO WHICH EMBASSY LONG SOUGHT RESPONSE AND WHICH AUDITOR SUCCEEDED IN HAVING REMIDIED. ADEQUATE RECOVERY PROCEDURES NOW EXIST. IN FACT, A HELICOPTER WHICH MADE AN EMERGENCY LANDING AFTER A TAIL ROTER SYSTEMS FAILURE ON JULY 26 WAS RECOVERED ON JULY 31. PILFERAGE WAS ZERO. FYI: EMBASSY RECENTLY REPORTED THE DISMISSAL OF SIX HIGHLY QUALIFIED ROTARY WING SPRAY PILOTS WHO WERE ALLEGEDLY INVOLVED IN THE SALE OF AN ENGINE FROM A CLANDESTINE AIRCRAFT WHICH CRASHED AND BURNED IN THE STATE OF JALISCO TWO YEARS AGO AND THE SALE OF SEIZED WATER PUMPS FROM ILLICIT FIELDS. DURING MEETING ON EVENING OF AUGUST 7, BAEZA NOTIFIED ASSISTANCE ATTACHE THAT PILFERAGE CASE OF THE MODEL 212 IS STILL

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 MEXICO 12924 03 OF 06 090031Z
ACTION ARA-14

INFO OCT-01 ISO-00 SNM-05 SSO-00 SS-15 INR-10 INRE-00

L-03 OES-09 PM-05 EB-08 /070 W

-----006072 090215Z /62

O 082301Z AUG 78

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC IMMEDIATE 1937

LIMITED OFFICIAL USE SECTION 03 OF 06 MEXICO 12924

STADIS////////////////////////////////////

UNDER ACTIVE INVESTIGATION. ON THIS OCCASION, BAEZA INTENDS TO PROSECUTE THE OFFENDERS AND ALLOW DUE PROCESS OF LAW TO PREVAIL. END FYI.

11. "UTILIZATION OF FIVE INTERDICTION MOBILE UNITS HAS NOT BEEN DETERMINED BY NAU OFFICIALS. AN OPERATIONAL PLAN WAS NOT DEVELOPED FOR THE MOBILE UNITS." COMMENT: NAU HAD NO RPT NO ROLE IN THE PROVISION OF THESE UNITS; EVERYTHING FROM PLANNING TO DELIVERY AND OPERATIONAL PROCEDURES WAS HANDLED BY DEA IN WASHINGTON. NEVERTHELESS, IN VIEW OF THE PROBLEMS SURROUNDING THESE VEHICLES, NAU HAS TAKEN OVER THE PROJECT AND HAS SUBMITTED REQUISITIONS FOR THE MATERIAL NEEDED TO MAKE THEM FUNCTIONAL.

12. "PROGRAM REPORTING ON THE DEVELOPMENT OF THE AG COMPUTER INFORMATION SYSTEM IS NOT BEING RECEIVED AND A PLAN OF ACTION HAS NOT BEEN JOINTLY DEVELOPED BETWEEN NAU AND THE AG." THE COMPUTER PROJECT, BORN LESS THAN ONE YEAR AGO, IS FULLY FUNCTIONING WITH A STAFF OF 50 OPERATORS, PROGRAMMERS AND ANALYSTS ON BOARD. ALL USG COMPUTER EXPERTS WHO HAVE VISITED THE OPERATION, INCLUDING THOSE FROM STATE, AID, DEA AND NASA, INFORM US LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MEXICO 12924 03 OF 06 090031Z

THAT THE PROJECT IS PROCEEDING AS WELL AS ANY SIMILAR COMPUTER INSTALLATION INSIDE THE USG. THIS INSTALLATION WAS, IN FACT, RELATED TO A MUCH LESS COMPLICATED DEA INSTALLATION INSIDE THE EMBASSY. THE GOM IS AHEAD OF SCHEDULE, WE ARE SEVERAL MONTHS BEHIND. FOR STATUS REPORT SEE PARA EIGHT OF MEXICO 9864.

13. "THE AG AERO SERVICES PERSONNEL ARE NOT MAKING PERIODIC VISITS TO OPERATIONAL BASES TO REVIEW OPERATIONS AND DETERMINE IF THERE ARE PROBLEMS REQUIRING CORRECTIVE ACTIONS". COMMENT: AS THE AUDITOR'S OWN TEXT INDICATES, MANY OF THE PROBLEMS NOTED WERE WELL ON THEIR WAY TO CORRECTION. DAILY OPERATIONS REPORTS ARE NOW THE MOST COMPLETE WE HAVE EVER SEEN, PRESENTING INFORMATION BEYOND THAT SOUGHT BY THE AUDITOR. IN ADDITION, THE FLIGHT FOLLOWING CENTER BEGAN OPERATIONS ON AUGUST 1 AND IS A FULLY-FUNCTIONING MANAGEMENT CONTROL SYSTEM. INSPECTION TEAMS (FREQUENTLY HEADED BY THE DEPUTY ATTORNEY GENERAL HIMSELF) ARE MAKING REGULAR, UNSCHEDULED VISITS TO OPERATIONAL BASES AND RESOLVING ON THE SPOT THE MINOR PROBLEMS NOTED BY THE AUDITOR. DURING THE AG SENIOR STAFF WEEKLY MEETINGS, BAEZA IN HIS ROLE AS PRESIDING OFFICER REITERATES THEY ARE TOTALLY COMMITTED TO COMPLY

WITH PRESIDENT LOPEZ PORTILLO'S MANDATE ON CONTINUOUS EVALUATION OF ALL FEDERAL PROGRAMS TO SET THE EXAMPLE FOR THE COUNTRY IN THE MOST EFFECTIVE USE OF THEIR RESOURCES. DURING MEETING ON AUGUST 7, WITH BAEZA, ASSISTANCE ATTACHE JOINED HIM IN VIEWING A VIDEO TAPE TRANSMITTED ON THE NATIONAL CHANNEL (COUNTRY-WIDE) WHEREBY BOTH THE ATTORNEY GENERAL AND BAEZA WERE INTERVIEWED AND PRESENTED THEIR VIEWS ON CURRENT ADMINISTRATIVE REFORM IN THE GOVERNMENT AND THE OFFICE OF THE AG'S PARTICIPATION.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MEXICO 12924 03 OF 06 090031Z

14. "AG SAFETY PROCEDURES NEED TO BE STRENGTHENED TO ASSURE AERO SERVICES PERSONNEL ARE AWARE OF THE NEED TO PROTECT HUMAN AND MATERIAL RESOURCES". COMMENT: WE CONCUR WITH THE AUDITOR THAT INCREASED SAFETY IS ALWAYS DESIRABLE, BUT WE WOULD ALSO NOTE THAT THE GOM HAS JUST COMPLETED ITS MOST ACTIVE ERADICATION OPERATIONS YEAR EVER WITH NO OPERATIONS FATALITIES AND FEW LOST-TIME ON-THE-JOB ACCIDENTS.

15. "NO EVALUATION WAS MADE BY NAU OR AG OFFICIALS TO DETERMINE THE TELECOMMUNICATIONS EFFICIENCY AND RELIABILITY AND FUTURE REQUIREMENTS". COMMENT: A THOROUGH TELECOMMUNICATIONS SURVEY WAS COMPLETED IN MARCH 1978. FOLLOWING A REVIEW BY DEPARTMENT SPECIALISTS IN WASHINGTON AND IN MEXICO IT WAS ACCEPTED AS ADEQUATE DOCUMENTATION OF PROGRAM PERFORMANCE TO DATE AND SERVED AS THE BASIS FOR A REQUEST FOR AN ADDITIONAL \$1.85 MILLION IN TELECOMMUNICATIONS ASSISTANCE UNDER FY 78 FUNDING.

16. "THE AG RECONNAISSANCE AND VERIFICATION UNIT (URVE) HAS MADE LITTLE OR NO EFFECTIVE VERIFICATION OF FUMIGATED FIELDS TO DETERMINE THE EFFECTIVENESS OF THE HERBICIDES, IF POPPY FIELDS WERE SCORED BEFORE OR AFTER FUMIGATION, AND THE PLANTS MATURITY." COMMENT: IN THIS CASE THE GOM LEARNED ALL TOO WELL FROM ITS USG MENTORS. IT SHOULD BE NOTED THAT URVE WAS CREATED BY AG FLORES AS A RESULT OF CONCERN EXPRESSED BY THE AMBASSADOR IN HIS LETTER TO THE AG AFTER A FIELD TRIP TO ZONE 06 IN SEPTEMBER OF 1977. WHEN AID AUDITOR ARRIVED URVE WAS STILL IN THE FORMATIVE STAGES AND GOING THROUGH THE USUAL DEVELOPMENT PANGS COMMON TO CREATION OF A NEW ORGANIZATION. UNTIL THE SPRING OF 1978 SPOTTING AND VERIFICATION WERE DONE BY DEA PERSONNEL ON TDY. WHEN DEA BEGAN PROVIDING THIS SERVICE

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 MEXICO 12924 04 OF 06 090154Z
ACTION ARA-14

INFO OCT-01 ISO-00 SNM-05 SSO-00 SS-15 INR-10 INRE-00

L-03 OES-09 PM-05 EB-08 /070 W

-----006889 090215Z /62

O 082301Z AUG 78

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC IMMEDIATE 1938

LIMITED OFFICIAL USE SECTION 04 OF 06 MEXICO 12924

STADIS////////////////////////////////

IT USED FIXED-WING AIRCRAFT BECAUSE THE FEW HELICOPTERS IN DEA'S INVENTORY COULD NOT BE FREED FOR SERVICE IN MEXICO. WHEN THE GOM REQUESTED THE REMOVAL OF DEA SPOTTERS THIS SPRING, THE EMBASSY TIED THE REQUEST TO THE COMMENCEMENT OF HELICOPTER RECONNAISSANCE, PERMITTING PERSONNEL TO LAND AND COLLECT THE INFORMATION MENTIONED BY THE AUDITOR. AT THIS WRITING A MAJORITY OF RECON/VERIFICATION FLIGHTS ARE BEING PERFORMED BY HELICOPTER AND THE URVE REPORTS INCLUDE COMMENTS ON SCORING, MATURITY AND HERBICIDE EFFECTIVENESS.

17. "URVE HAS NOT MADE RESEARCH ON THE EFFECTS DIFFERENT MIXES OF HERBICIDES HAVE ON ILLICIT PLANTS".
COMMENT: IT IS QUITE LIKELY THAT FIELD PERSONNEL INTRODUCE HUMAN VARIABLES INTO HERBICIDE MIXING AS NOTED BY THE AUDITOR. HOWEVER, TO SAY THAT THE GOM HAS NOT CONDUCTED RESEARCH ON HERBICIDES IS TOTALLY INCORRECT, AS EVIDENCED BY THE WEALTH OF MATERIAL PROVIDED TO THE USG BY THE GOM TO ASSIST THE USG TO DEFEND AGAINST THE RECENT LAWSUIT FILED BY THE NATIONAL ORGANIZATION FOR THE REFORM OF MARIJUANA LAWS (NORML). WHILE THE GOM HAS PROVIDED LITERALLY VOLUMES OF DATA,
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MEXICO 12924 04 OF 06 090154Z

THE EMBASSY HAS BEEN EMBARRASSED BY THE INABILITY OF WASHINGTON AGENCIES TO PROVIDE ANSWERS TO A SERIES OF SPECIFIC QUESTIONS RAISED BY THE GOM.

IN VIEW OF OUR OWN INABILITY TO RESPOND, THE AUDITOR'S COMMENT ABOUT THE GOM IS TOTALLY UNWARRANTED. THE CHIEF OF URVE IS AN AGRONOMIST WHO CONDUCTED THE PRE-LIMINARY FIELD TESTS WHEN DECISION ON HERBICIDES WAS MADE BY GOM. FURTHERMORE, HE WAS ONE OF THE TECHNICAL EXPERTS ASSIGNED TO THE GOM GROUP WHEN THEY VISITED WASHINGTON RECENTLY TO EXCHANGE VIEWS WITH U.S. GROUP.

18. "AG AERO SERVICES FIELD PERSONNEL ARE NOT USING PROTECTIVE EQUIPMENT WHEN HANDLING HERBICIDES". COMMENT: TRUE, BUT NOT FOR LACK OF GOM DIRECTIVES TO THE CONTRARY WHICH ARE NONETHELESS FREQUENTLY IGNORED BY THOSE WORKING IN 100-PLUS DEGREE FIELD CONDITIONS. HOWEVER, A TWO-YEAR MEDICAL HISTORY MADE AVAILABLE TO US FOR THE NORML LAWSUIT REVEALED NO ILL EFFECTS TO PERSONNEL DUE TO THEIR PROPENSITY TO WORK WITHOUT PROTECTIVE EQUIPMENT. ON NUMEROUS OCCASIONS ASSISTANCE ATTACHE HAS WITNESSED SEVERE REPROACHES BY BAEZA TO ZONE COORDINATORS AND ADMINISTRATIVE OFFICERS ON THEIR DERELICTION RELATED TO GROUND CREWS NOT ADHERING TO REGULATION ON THE WEARING OF PROTECTIVE GEAR WHILE MIXING OR SERVICING THE SPRAY SHIPS.

19. "THE AG ADMINISTRATIVE SERVICES DOES NOT HAVE EFFECTIVE PROPERTY INVENTORY CONTROL SYSTEMS AND HAS NOT BEEN ABLE TO ACCOUNT FOR ALL THE COMMODITIES PURCHASED DURING FISCAL YEARS 1975 AND 1977". COMMENT: THE ITEMS CITED BY THE AUDITOR WERE IN LARGE MEASURE PERSONAL ISSUE EQUIPMENT. THE VALUE OF ALL THE ITEMS MENTIONED BY THE AUDITOR IS LESS THAN \$300,000
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MEXICO 12924 04 OF 06 090154Z

(APPROXIMATELY ONE-HALF OF ONE PERCENT OF PROGRAM EXPENDITURES) AND THE VAST MAJORITY OF THIS EQUIPMENT WAS AVAILABLE IF NOT ON ACCURATE PROPERTY RECORDS. WE FEEL THE AUDITOR WAS STRETCHING AT THIS POINT.

20. "NO PERPETUAL INVENTORY CONTROL SYSTEM WAS BEING MAINTAINED ON SPARE PARTS AT THE MEXICO CITY AND CULIACAN STOREROOMS". COMMENT: THIS IS A GENUINE WEAKNESS AND THE AUDITOR'S PRESENCE AND PERSISTENCE WAS A MAJOR FACTOR IN CONVINCING THE GOM TO ADOPT THE CONTROL SYSTEM HE ADVOCATED. BECAUSE OF THE AUDIT, THE GOM REVERSED AN EARLIER DECISION AND NOW HAS PERSONNEL OF THE AMERICAN MAINTENANCE CONTRACTOR WORKING TO IMPLEMENT A POSITIVE PARTS CONTROL PROGRAM.

21. "TELECOMMUNICATIONS PROPERTY CONTROLS WERE NOT CURRENT AND THE AG ADMINISTRATIVE SERVICES HAS NOT ACCOUNTED FOR ALL THE EQUIPMENT PURCHASED DURING THE

AUDIT PERIOD". COMMENT: THE AUDITOR WAS CORRECT AT THE TIME. THE PROBLEM HAS BEEN ADDRESSED AND SOLVED.

22. "THE AG DID NOT HAVE A VIABLE PROCUREMENT SYSTEM. PROCUREMENT OF SPARE PARTS AND MATERIALS WAS DELAYED BECAUSE OF UNTRAINED PERSONNEL. AG PERSONNEL INITIALLY DID NOT ACCEPT E-SYSTEMS ADVISORY ASSISTANCE TO IMPROVE PROCUREMENT AND SUPPLY PROCEDURES". COMMENT: SEE PARA 20 COMMENT.

23. NO EVALUATIONS HAVE BEEN MADE BY NAU OFFICIALS OF CONTRACTOR'S PERFORMANCE". COMMENT: THE E-SYSTEMS CONTRACT CALLS FOR AN EVALUATION WITHIN THE FIRST YEAR. AT THE TIME OF THE AID AUDIT THE CONTRACT FOR ALL INTENTS AND PURPOSE JUST BEGAN. AN EVALUATION CAN HARDLY BE EXPECTED DURING THE TIME THE AUDIT WAS CONDUCTED. BE THAT AS IT MAY, THE NAU OFFICE IS

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 MEXICO 12924 05 OF 06 090202Z
ACTION ARA-14

INFO OCT-01 ISO-00 SNM-05 SSO-00 SS-15 INR-10 INRE-00
L-03 OES-09 PM-05 EB-08 /070 W
-----007095 090215Z /62

O 082301Z AUG 78
FM AMEMBASSY MEXICO
TO SECSTATE WASHDC IMMEDIATE 1939

LIMITED OFFICIAL USE SECTION 05 OF 06 MEXICO 12924

STADIS////////////////////////////////////

ASSIGNED ONLY ONE DIRECT HIRE WHO IS NOT A TECHNICAL SPECIALIST. HE IS THE NAU DIRECTOR WHO FINDS HIMSELF STRAPPED FOR TIME TO MEET DAY-TO-DAY MANAGEMENT AND PROGRAMMING REQUIREMENTS AND WHO WOULD FIND IT DIFFICULT, IF NOT IMPOSSIBLE, TO CONDUCT AN IN-HOUSE EVALUATION OF THE E-SYSTEMS CONTRACT.

24. "E-SYSTEMS PROCEDURES/CONTROLS NEED TO BE STRENGTHENED TO ASSURE THAT SPARE PARTS PAID FOR ARE RECEIVED IN MEXICO AND UPDATE AND RECONCILE PURCHASE RECORDS TO DETERMINE THE STATUS OF PENDING SPARES AND MATERIALS". COMMENT: THIS FINDING PARALLELS

THAT OF PARA 20.

25. "E-SYSTEMS SHOULD PREPARE A TIME/PHASED WORK PLAN FOR THE WORK TO BE ACCOMPLISHED UNDER THE CONTRACT TO FACILITATE MONITORING AND EVALUATION OF CONTRACT PERFORMANCE." COMMENT: JUST AS OUR PROGRAM ITSELF IS NOT AMENABLE TO THE DEVELOPMENT ASSISTANCE APPROACH (SEE PARA THREE), THE MAINTENANCE CONTRACTOR IS IN A DYNAMIC SITUATION IN WHICH REQUIREMENTS CHANGE AS THE NATURE OF THE NARCOTICS PROBLEM SHIFTS. THUS YESTERDAY'S WORK PLAN AND YESTERDAY'S BENCH MARKS LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MEXICO 12924 05 OF 06 090202Z

ARE LARGELY IRRELEVANT TODAY. WE ARE NONETHELESS CONSCIOUS OF THE NEED FOR GREATER STRUCTURE IN THIS CONTRACT AND HAVE REQUESTED A PERFORMANCE AUDIT BY THE DEFENSE CONTRACT ADMINISTRATIVE SERVICES PLANT REPRESENTATIVE OFFICE (DCASPRO).

26. "THE AG HAD NOT PROVIDED ADEQUATE SUPPORT SERVICES TO E-SYSTEMS PERSONNEL AS REQUIRED UNDER THE CONTRACT." COMMENT: THE AUDITOR'S REPORT WAS VALID AND SERVED AS A BASIS FOR A SERIES OF MEETINGS BETWEEN THE EMBASSY, THE GOM AND E-SYSTEMS TO THRASH OUT BETTER SUPPORT PROCEDURES. WE BELIEVE THE PROBLEM IS SATISFACTORILY RESOLVED.

27. "THE TWIN OTTER AIRCRAFT WAS NOT BEING SCHEDULED TO FLY TO NORTH HOLLYWOOD, CALIFORNIA, TO PICK UP SPARE PARTS BECAUSE OF THE LACK OF COMMUNICATION BETWEEN E-SYSTEMS AND AG PERSONNEL". COMMENT: CORRECTED AS PART OF REVIEW MENTIONED IN PARA 26.

28. "THE AG DID NOT MAKE EFFECTIVE USE OF INSTRUCTOR PILOTS CONTRACTED (EVERGREEN OF MONTANA) TO GIVE SPRAY TRAINING TO MEXICAN PILOTS. INSTRUCTOR PILOTS REPORTED FLYING LESS THAN 20 HOURS A MONTH WHICH RESULTED IN A PILOT COST OF \$350 PER FLYING HOUR." COMMENT: IT IS CERTAINLY TRUE THAT TRAINING PROGRAMS HAVE SUFFERED WHEN OPERATIONAL NECESSITY DIVERTED PERSONNEL AND EQUIPMENT TO MORE URGENT TASKS, SUCH AS KILLING POPPIES. FACED WITH THE CHOICE OF ADHERING TO TRAINING SCHEDULES (AS REQUIRED BY THE AGREEMENTS) OR DESTROYING A CROP BEFORE IT COULD BE HARVESTED, WE HAVE CONSISTENTLY OPTED IN FAVOR OF DESTROYING THE CROP. DESPITE THIS PROBLEM, THE GOM NOW HAS FULLY-LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MEXICO 12924 05 OF 06 090202Z

CERTIFIED FLIGHT INSTRUCTORS WHO EXCEED THE RATINGS OF THE EVERGREEN PILOTS, MAKING THE GOM SELF-SUFFICIENT FOR TRAINING PURPOSES IN ALL BUT THE MOST UNUSUAL OF CIRCUMSTANCES.

29. SPECIAL ASSISTANT TO THE AMBASSADOR COMMENT: WE WERE, QUITE FRANKLY, DISAPPOINTED IN THE AUDIT REPORT AND EXPECTED A MORE PENETRATING AND VALID ANALYSIS IN VIEW OF THE SEVEN MONTHS DEVOTED TO THE TASK. DESPITE OUR COMMENTS ABOUT THE REPORT, WE FEEL THAT THE AUDITOR'S PRESENCE OVER SO LONG A PERIOD WAS VERY USEFUL IN CALLING PROBLEMS TO OUR ATTENTION AND TO THE GOM'S. THERE WERE CERTAIN SENSITIVE AREAS WHICH EMBASSY OFFICERS AND NAU TECHNICIANS FELT WERE NOT JUDICIOUS OR TIMELY TO RAISE WITH AG COUNTERPARTS. IN THIS RESPECT, WE DID TASK THE AID AUDITOR TO PRY AND MAKE INQUIRIES KNOWING IT WOULD FEED BACK TO BAEZA. IN SUM, THESE ACTIONS AND HIS PRIME RESPONSIBILITIES HAD A POSITIVE IMPACT ON OPERATIONS HERE FOR WHICH WE ARE GRATEFUL.

30. THE REPORT, HOWEVER, WHILE INTERESTING FOR WHAT IT SAYS, IS EVEN MORE INTERESTING IN WHAT IT DOES NOT SAY. THE EMBASSY CONTINUES IN ITS INABILITY TO UNDERSTAND HOW AID, WHICH WAS RESPONSIBLE FOR THE PROGRAM HERE UNTIL THE BEGINNING OF THIS YEAR, FAILED TO ASSIGN TO THE PROGRAM ADEQUATE NUMBERS OF MANAGEMENT PERSONNEL TO PROVIDE THE MANAGEMENT SUPERVISION THAT COULD WELL HAVE PREVENTED MANY OF THE PROBLEMS REPORTED BY THE AUDITOR. FOLLOWING AN IN-HOUSE REVIEW OF THE PROGRAM IN OCTOBER 1976, THE AMBASSADOR PERSONALLY AUTHORIZED A TELEGRAM (76 MEXICO 13765) RECOMMENDING THE IMMEDIATE ESTABLISHMENT OF AN ADDITIONAL MANAGEMENT POSITION. AFTER DESCRIBING THE TASKS ASSIGNED TO THE NAU DIRECTOR, THE AMBASSADOR STATED: "BECAUSE OF THIS EXCEEDINGLY LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 MEXICO 12924 05 OF 06 090202Z

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 MEXICO 12924 06 OF 06 090205Z
ACTION ARA-14

INFO OCT-01 ISO-00 SNM-05 SSO-00 SS-15 INR-10 INRE-00
L-03 OES-09 PM-05 EB-08 /070 W
-----007119 090216Z /62
O 082301Z AUG 78
FM AMEMBASSY MEXICO
TO SECSTATE WASHDC IMMEDIATE 1940

LIMITED OFFICIAL USE SECTION 06 OF 06 MEXICO 12924

STADIS//////////

OPERATIONAL ROLE, ATTENTION TO OVERALL PROGRAM MANAGEMENT HAS NECESSARILY SUFFERED. DECISIONS ARE TAKEN, BUT THE BIRD-DOGGING NECESSARY TO SEE THAT IMPLEMENTATION OCCURS PROMPTLY IS HAPHAZARD. THIS IS NEITHER FAIR TO THE OFFICER HIMSELF NOR AN EXAMPLE OF SOUND PROGRAM MANAGEMENT." OUR DRAFT COPY OF THE AUDIT REPORT DOES NOT EVEN MENTION THIS PROBLEM.

31. DESPITE OUR BEST EFFORTS AND THOSE OF THE DEPARTMENT, AID PROVIDED TDY MANAGEMENT ASSISTANCE FOR LESS THAN FIVE WEEKS IN MAY-JUNE OF 1977 AND THE SAME OFFICER DID NOT ARRIVE ON PERMANENT ASSIGNMENT UNTIL AUGUST 29, 1977, TEN MONTHS AFTER THE AMBASSADOR'S PLEA AND ONLY FOUR MONTHS BEFORE THE PROGRAM IN MEXICO WAS TRANSFERRED FROM AID TO STATE.

32. IN THESE CIRCUMSTANCES, THE EMBASSY VIEWS THE AUDITOR'S FINDINGS AND REPORT WITH A GENUINE ELEMENT OF PRIDE. THAT AN EMBASSY WITH SO THIN A VENEER OF ASSISTANCE PROGRAM MANAGEMENT PERSONNEL COULD HAVE SUPERVISED THE LARGEST GRANT AID PROGRAM IN LATIN AMERICA (\$50.9 MILLION THROUGH FY 1977), HELPED THE GOM ACHIEVE A BREAKTHROUGH IN NARCOTICS CONTROL TECH-

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MEXICO 12924 06 OF 06 090205Z

NIQUES, AND PLAYED A MAJOR ROLE IN CUTTING U.S. HEROIN DEATHS BY TWO-THIRDS, IS NOTHING SHORT OF REMARKABLE WE ARE FLATTERED THAT, IN THIS CONTEXT, THE AUDITOR'S REPORT ISOLATED RELATIVELY FEW AND MINOR PROBLEMS. LUCEY

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NARCOTICS, REPORTS, DRUG CONTROL, AUDITS, PROGRAMS (PROJECTS)
Control Number: n/a
Copy: SINGLE
Draft Date: 08 aug 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978MEXICO12924
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780325-0092
Format: TEL
From: MEXICO
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780888/aaaacvmj.tel
Line Count: 706
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 97230467-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: STADIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 13
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: STADIS
Reference: 78 ALEXANDRIA 4
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 31 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1805699
Secure: OPEN
Status: NATIVE
Subject: NARCOTICS - AID AUDIT REPORT ON MEXICO
TAGS: SNAR, MX
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/97230467-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014